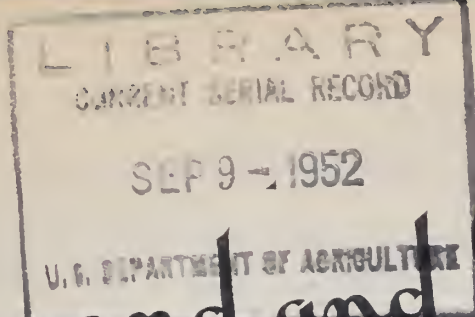


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THE Demand and Price SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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<u>CONTENTS</u>			
	<u>Page</u>		<u>Page</u>
Summary.....	1	Fats, Oils and Oilseeds.....	21
Demand for Goods and Services..	4	Corn and Other Feeds.....	22
Output and Employment.....	9	Wheat.....	23
Price Movements.....	11	Fruit.....	24
Agriculture: Review and		Commercial Truck Crops.....	25
Prospects.....	13	Potatoes and Sweetpotatoes..	26
Farm Retail Price Spreads.....	17	Dry Beans and Peas.....	27
Farm Income.....	18	Cotton.....	27
Livestock and Meat.....	18	Wool.....	28
Dairy Products.....	20	Tobacco.....	29
Poultry and Eggs.....	20		

SUMMARY

The termination of the work stoppage in the steel industry in late July was the most important development of the month influencing current economic conditions and prospects for the near future. Labor-management disputes in the steel industry reduced output in June and July to levels as low as 12 to 15 percent of capacity. Steel output in the second quarter was reduced to about two-thirds the first quarter rate resulting in a loss of around 9 to 10 million tons of steel. Since it probably will take several weeks to regain capacity output, the loss of steel for the year may total upwards of 18 to 20 million tons or possibly one-sixth of rated steel capacity for 1952.

Production of finished steel products was maintained in June by drawing on relatively large steel inventories. But with steel shortages and summer vacations during July, plant shut downs were widespread and industrial output was reduced below June levels. The effects of the steel shortage on industrial production probably will continue for several months. Some rebuilding of inventories is expected particularly in defense-related industries and military demands for steel probably will increase. Steel supplies in coming months will be smaller as a result of the interruption in steel production and regulations have been issued by the National Production Authority to give priority to military, atomic energy, and machine tool programs.

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1951		1952			
		Year	June	Mar.	Apr.	May	June
Industrial production <u>1/</u>							
Total.....	1935-39=100	220	221	221	216	211	203
All manufactures.....	do.	229	231	231	225	224	213
Durable goods.....	do.	273	274	285	277	277	248
Nondurable goods.....	do.	194	197	188	183	181	185
Minerals.....	do.	164	165	164	166	141	146
Construction activity <u>1/</u> #							
Contracts, total.....	1947-49=100	171	200	164	169	168	
Contracts, residential.....	do.	170	174	171	189	186	
Wholesale prices <u>2/</u> #							
All commodities.....	1947-49=100	115	115	112	112	112	111
All commodities except farm and foods	do.	116	116	114	113	113	113
Farm products.....	do.	113	114	108	109	108	107
Processed foods.....	do.	111	111	109	108	109	109
Prices received and paid by farmers <u>3/</u>							
Prices received, all products..	1910-14=100	302	301	288	290	293	292
Prices paid, interest, taxes and wage rates.....	do.	281	282	288	289	289	286
Parity ratio.....	do.	107	107	100	100	101	102
Consumers' price <u>2/</u> <u>4/</u>							
Total.....	1935-39=100	186	185	188	189	189	190
Food.....	do.	227	227	228	230	231	232
Nonfood.....	do.	164	164	167	167	167	168
Income							
Nonagricultural payments <u>5/</u>	Bil. dol.	233.6	235.4	242.7	242.9	243.9	
Income of industrial workers <u>3/</u> ..	1935-39=100	428	429	433	422	422	
Production worker pay rolls <u>2/</u> #..	1947-49=100	129	130	132	128	128	
Weekly earnings of factory workers <u>2/</u>							
All manufacturing.....	Dollars	64.88	65.08	67.40	65.83	66.61	66.98
Durable goods.....	do.	69.97	70.27	72.81	71.03	71.72	71.76
Nondurable goods.....	do.	58.50	58.47	60.13	58.75	59.56	60.68
Employment							
Total civilian <u>6/</u>	Millions	61.0	61.8	59.7	60.1	61.2	62.6
Nonagricultural <u>6/</u>	do.	54.0	53.8	53.7	53.7	54.2	54.4
Agricultural <u>6/</u>	do.	7.0	8.0	6.0	6.4	7.0	8.2
Government finance (Federal) <u>7/</u>	Million						
Income, cash operating.....	dollars	4,945	7,367	10,436	4,689	4,722	
Outgo, cash operating.....	do.	4,836	5,223	6,120	5,972	5,751	
Net cash operating income or outgo.....	do.	+109	+2,144	+4,316	-1,283	-1,029	

Annual data for the years 1929-51 appear on page 37 of the April 1952 issue of The Demand and Price Situation.

1/ Federal Reserve Board. Construction activity revised to 1947-49 base. 2/ U. S. Department of Labor, Bureau of Labor Statistics. 3/ U. S. Department of Agriculture, Bureau of Agricultural Economics; to convert prices received and prices paid, interest, taxes, and wage rates to the 1935-39 base, multiply by .93110 and .79872 respectively. 4/ Consumers' price index for moderate-income families in large cities. 5/ U. S. Department of Commerce revised figures, seasonally adjusted at annual rates. 6/ U. S. Department of Commerce, Bureau of the Census. 7/ U. S. Department of Treasury. Data for 1951 are on average monthly basis.

Revised series.

Recent developments in general point to some strengthening in prices of many goods and services. The announced price increase for steel and higher wage rates in a number of industries will result in cost increases for many durable goods. Amendments to the Defense Production Act terminate controls on consumer credit, prohibit ceiling prices on fresh and processed fruits and vegetables and probably will result in higher rents in many areas. Although the loss of income was substantial for workers idled by the direct and indirect affect of the work stoppage in steel during June and July, total consumer demand has continued strong and is expected to strengthen further in coming months so that many cost increases probably will be passed on in the form of somewhat higher prices.

A record crop output somewhat larger than in 1951 was indicated on the basis of July 1 prospects. The wheat crop probably will be about one-fourth larger than last year and July 1 prospects pointed to a feed grain crop about one-tenth larger. However, the weather in June and July was generally hot and dry and in a few states, particularly in the South and East, crop and pasture damage apparently was extensive. By August 1 the Secretary of Agriculture had named Alabama, Georgia, Kentucky, Mississippi, Tennessee and parts of Arkansas and Missouri as eligible for drought disaster loans by the Farmers Home Administration. More meat animals and poultry products this year are expected to increase total output of livestock and livestock products. Hot dry weather resulted in some forced movement of cattle in June and July and reduced output of dairy and poultry products. Further deterioration of ranges and pastures probably would result in stepped up marketings of grass cattle.

The expected larger supplies of farm and food products for the 1952-53 marketing year probably will be accompanied by a continued strong domestic demand and relatively stable prices for most agricultural products. With prospects for further expansion in the defense program, large business expenditures for plant and equipment, and a gradual rise in total demand for goods and services, consumer incomes probably will increase moderately in the coming year. But some reduction in foreign demand for U. S. agricultural exports is expected for the 1952-53 marketing year.

Commodity Highlights

For the rest of 1952 cattle slaughter will continue larger than a year earlier and prices are expected to average lower. Hog slaughter in coming months will remain less than a year ago with further price gains this summer. Prospective slaughter supplies of sheep and lambs do not indicate any marked price changes. Because production and stocks of most dairy products are below last year and demand continues high there will be some seasonal price increases this year. With a decline in egg production in June, that may persist through July and August, the farm price for eggs rose and in July almost equaled the levels of a year earlier. Production of primary food fats and oils in the second half of 1952 is likely to be down somewhat compared with the year before, but will still be high. Production of feed grains in 1952 may total one-tenth larger than in 1951, but total supplies for the coming year will be only slightly larger. In view of prospective large supplies, wheat prices may average a little below the effective loan rates for the 1952-53 marketing year as a whole. The 1952 crop of deciduous fruits is expected to be moderately smaller than the large 1951 crop, but grower prices during August and September probably will be about the same as or only slightly lower than a year earlier. Relatively high prices for most fresh vegetables are expected to continue well into the second half of the year--demand continues strong and production is below a year earlier. Generally adequate production and fairly stable prices are indicated for processing vegetables. July 1 prospects indicate a 1952 potato crop only 4 percent larger than the short 1951 crop. Crops of dry beans and peas in 1952 are both smaller than a year before and higher prices seem likely. Disappearance of cotton during the 1952-53 marketing year is estimated at 13.3 to 14.9 million bales compared to about 15 million in 1951-52. World supply of wool for the 1952-53 season probably will be slightly larger than last season with the increase consisting mostly of the coarser wools. Indications are that 1952 production of flue-cured and Burley tobacco will be only a little below the record crops of 1951.

DEMAND FOR GOODS AND SERVICES:

Review and Prospects

The total value of goods and services produced by the economy rose steadily over the past year to a record annual rate of 343 billion dollars in the second quarter of 1952. During this period, the combined flow of spending by the Government, businessmen and consumers increased nearly 4 percent or by about 12 billion dollars. National security spending was up nearly 2.4 billion and consumer purchases rose 8.6 billion. But total investment spending was down because of a drop in the rate of inventory accumulation. Although total consumer purchases have risen since mid-year 1951, the record level of business investment and a steady pick up in defense spending have continued to be the major factors underlying the expansion in demand for goods and services. Employment has been relatively steady over the past year. Total output rose nearly 2 percent and prices of final products inched up gradually from mid-1951.

The Expanding Defense Program

National security spending for the defense program and related activities was at an annual rate of about 51 billion dollars in the second quarter, 4.5 billion above the January-March period and 9.4 billion over the third quarter of 1951. The value of deliveries of materials for military procurement and construction in the second quarter rose about one-fifth from the previous quarter with most of the abrupt rise in the newer weapons.

Table 1.- Government expenditures for goods and services by quarters for fiscal year 1951-52, seasonally adjusted annual rates

Item	1951		1952	
	III	IV	I	II
	Billions of dollars	Billions of dollars	Billions of dollars	Billions of dollars
Government purchases of				
goods and services...	67.3	71.2	74.4	79.0
Federal 1/.....	45.5	48.9	51.2	56.0
National security....	41.6	44.3	46.5	51.0
State and local.....	21.7	22.3	23.2	23.0

1/ Less Government sales.

Apparently military hard goods in general are beginning to flow in volume from assembly lines and the rate is expected to increase further in coming months. According to estimates of the Director of Defense Mobilization, military procurement and construction in the second quarter were about three-fourths of the rates scheduled to be reached in early 1953. Most of the further increase will be in aircraft and other military hard goods. Aircraft deliveries, currently about three times the rate of 2 years ago, are only about two-thirds of the rate scheduled for mid-1953. Relatively small changes are indicated for military pay, subsistence, and soft goods purchases in the coming year.

In the fiscal year just ended, Federal administrative budget expenditures exceeded receipts by approximately 4 billion dollars or about one-half the deficit estimated in the January Budget Message, largely because expenditures were smaller than previously expected. Even though these expenditures in fiscal year 1952-53 may fall somewhat short of the 85.4 billion dollars estimated in the President's January Budget, the deficit probably will be substantially larger than that estimated for fiscal 1951-52.

Prospective increases in Government purchases for defense and related activities will continue a dominant factor affecting economic trends in the coming year.

Business Investment at Record Rates

Investment purchases by business, another key factor in the current high level of economic activity, have been at new record levels so far this year. Business outlays for durable equipment and nonresidential construction were at an annual rate of 38.6 billion dollars in the second quarter, fractionally above the previous quarter and 1 billion larger than in the July-September period of 1951. Increases have been very small over the past year but a record volume of investment spending is being maintained.

Table 2.- Gross investment, domestic and foreign, by quarters for fiscal year 1951-52, seasonally adjusted annual rates

Item	1951		1952	
	III	IV	I	II
	Billions dollars	Billions dollars	Billions dollars	Billions dollars
Producers' equipment and construction.....	37.4	36.8	38.4	38.6
Residential construction (non-farm).....	9.9	10.3	11.0	10.9
Net change in business inventories.....	8.9	5.8	.6	-1.5
Net foreign investment.....	1.1	2.6	1.9	1.0
Gross investment.....	57.3	55.5	51.9	49.0

Information available on business spending so far this year and plans for the third quarter indicate a substantial expansion for electric and gas utilities, petroleum, chemicals and rubber. Investment by industries producing and fabricating metals, which expanded rapidly during 1950 and 1951, has begun to slacken and cut backs are being made in a number of industries. Producers of durable goods as a whole are apparently planning some curtailment in investment in the third quarter with only nonferrous metals and automobile companies expecting substantial increases over current rates. Investment in the railroads is also being maintained.

Plant and equipment expenditures are expected to continue at a high rate in the third quarter. Even though indicated third-quarter investment outlays by manufacturers of durable goods are a little below current rates, no substantial cutback in business investment spending is in prospect for the next several months. However, these plans could be modified to some extent by reduced supplies of steel.

Residential Construction

Expenditures for all types of construction in the first half of 1952 were 4 percent above the same period last year due largely to outlays for military projects, defense plants, and public utility expansion. Public outlays in the first half were up 25 percent from the same months of 1951 and spending for military and naval construction increased about 165 percent.

Expenditures for nonfarm residential construction in the first half of this year were at an annual rate of about 11 billion dollars, nearly 7 percent smaller than in the same period last year. Housing starts in the first 6 months totaled 567,500 units or about 4 percent fewer than a year earlier. Starts for the year may total around 1 million units if steel and other materials are available.

The Federal Reserve Board in early June relaxed credit restrictions on housing by permitting smaller down payments on lower priced houses. Amendments to the Defense Production Act require the virtual lifting of credit controls if new home starts should fall short of a seasonally adjusted annual rate of 1.2 million units (a rate greater than the total in any year except 1950) for three successive months. This action probably will result in further relaxation on housing credit later this year.

Inventory Demand

Lower

Inventories continued to rise over the past year from the high levels reached in early 1951. Farm inventories grew but a substantial part of the expansion in total inventories occurred at the manufacturing level as the defense program expanded. These gains more than offset the reduction in distributors stocks and total business inventories continued to rise gradually until the second quarter of this year when a net liquidation occurred. Steel inventories dropped sharply during June and July as fabricators attempted to maintain output while steel production was at a virtual standstill. Retail inventories in the second quarter were down more than 11 percent from a year earlier but sales were up and the combined retail stock-sales ratio dropped from 1.65 to 1.40. Although total business inventories are still relatively large they probably are not excessive relative to the current volume of economic activity.

Foreign Investment

Net foreign investment represents primarily the difference between exports and the sum of imports and unilateral transfers principally in the form of U. S. military and economic aid to foreign countries. In the past four quarters, net foreign investment has been at a seasonally adjusted annual rate of between 1 and 3 billion dollars but may become even smaller in the next several months.

Consumer Spending

Rising Moderately

Consumer purchases of goods and services rose about 4 percent over the past year. But incomes have held relatively steady for the past three quarters and the rate of personal saving has declined. Although expenditures for durable goods rose a little, most of the gain was in nondurable goods and services. Expenditures for food, including alcoholic beverages, rose approximately 4 percent over the year.

Table 3.- Consumer income, spending and saving, by quarters for fiscal year 1951-52, seasonally adjusted annual rates

Item	1951		1952	
	III	IV	I	II
	Billions of dollars	Billions of dollars	Billions of dollars	Billions of dollars
Disposable personal income....	227.1	231.5	230.5	231.5
Consumer expenditures for				
goods and services.....	206.4	210.5	213.2	215.0
Durable goods.....	25.5	25.3	25.2	25.5
Nondurable goods.....	113.2	116.2	118.0	118.5
Food ^{1/}	69.5	70.4	71.8	72.2
Services.....	67.6	69.0	70.0	71.0
Personal savings.....	20.7	21.1	17.3	16.5

^{1/} Including alcoholic beverages.

Income and Savings Higher

Total consumer incomes rose gradually over the past year and in the second quarter were nearly 5 percent larger than a year earlier. Employment held relatively stable but wage rates and weekly earnings continued to rise. Consumer disposable income after taxes has held relatively stable over the past three quarters both in total and on a per capita basis. With the sharp drop in consumer buying after the first quarter of 1951, personal savings rose to 9.1 percent of disposable personal income in the last half of 1951 and declined to a rate of 7.3 percent in the first half of this year as consumer buying picked up. Even though a large part of personal savings has gone into insurance and investment in new homes and other property, aggregate savings in the more liquid forms--currency, bank deposits and savings and loan associations--also increased substantially over the past year.

Credit Financing Rises

New consumer credit granted has been about offset by repayments of outstanding debt since credit controls were imposed in late 1950. Because of relatively large stocks and a slow demand for many durable goods, Regulation W was suspended early in May this year. By the end of the month total credit outstanding had jumped by nearly 500 million dollars with the gain in installment credit accounting for most of the rise. This increase in credit financing following the suspension of controls undoubtedly contributed to the general pick up in retail sales during May and June. Recent amendments to the Defense Production Act removes Federal Reserve Board authority to reimpose controls on consumer credit.

Consumer incomes probably will rise once labor-management disputes are settled in the major industries. Furthermore, the relatively high rate of personal saving over the past year and the easing of credit terms should contribute to at least a moderate rise in consumer purchasing power in the next several months.

OUTPUT AND EMPLOYMENT

Total output of goods and services produced by the economy rose moderately over the past fiscal year. Civilian employment, after adjustment for seasonal variations, was around 61 million in each quarter and hours worked per week also held relatively stable. Industrial production increased slightly from mid-1951 through the first quarter this year but declined in the second quarter because of a number of labor-management disputes.

Industrial Production Lower

The output of the nations factories and mines, after adjustment for seasonal factors, rose steadily from the low in July 1951 through the first quarter this year. In March the Federal Reserve Board index of industrial production turned down, and as a result of work stoppages in the steel and petroleum industries, output in the second quarter this year was 5 percent smaller than in the previous quarter. With the virtual termination of steel production, industrial output in June dropped sharply to 203 percent of the 1935-39 average and near the level of June 1950. Because of relatively large stocks held by manufacturers, however, the interruption of steel output in June had little immediate effect on the output of metal-using industries.

Production of durable goods also rose from mid-1951 until the first quarter this year. Under the impact of a strong demand for defense materials and expanded investment, output of iron and steel increased in the last half of 1951 and then leveled off in the first quarter of 1952. Short work stoppages in April and May reduced steel production to approximately 90 percent of capacity and the virtual termination of output in June reduced activity to less than one-fifth of rated capacity. As a result, production of iron and steel in the second quarter totaled about 17.8 million tons, 35 percent less than in the first quarter. Machinery production rose to peak rates in the first quarter of 1952 then dropped off in the second, primarily because of relatively large stocks and the slow movement of many household appliances which are included in the machinery component. Paced by rising defense spending and a continued high demand for investment goods, production of transportation equipment (including automobiles) rose in each of the past three quarters to a level about 11 percent above third quarter 1951. Passenger car assemblies which make up a large part of this component index, declined during the last three months of 1951 and early 1952 as material allocations and model changes limited output. But with the easing in metal supplies this spring, auto output picked up, and in the second quarter assemblies were at an annual rate of approximately 4.8 million cars, about 13 percent above the first quarter.

Table 4.- Indexes of industrial production for selected groups, by quarters for fiscal 1951-52, adjusted for seasonal variation

Industry	1951		1952	
	III	IV	I	II
Total industrial production (1935-39=100).....	216	213	221	210
Durable manufactures.....	268	278	283	267
Nondurable manufactures.....	191	187	189	183
Minerals.....	163	169	166	151
Consumer durable goods (1947-49=100).....	103	102	102	104
Passenger cars.....	113	102	97	110
Major appliances.....	87	94	97	83
Radios and television.....	105	138	154	119

Output of nondurable goods continued to drift downward over the year with production averaging almost 8 percent lower in the second quarter of 1952 than a year earlier. Although trends in output varied over the year, most groups were relatively stable during the first three quarters as large stocks of some commodities were depleted by the moderate pick up in retail sales. Production of petroleum and coal products continued to increase into the first quarter this year but dropped off abruptly in the second quarter as a result of the work stoppage in the petroleum refining industry in April and May. Textile-mill activity declined generally in the early months of this fiscal year, and in spite of increased activity in May and June, output in the first half of the year was 3 percent less than in the last half of 1951.

Mineral production declined from the peak reached in the fall of 1951. Output of minerals in the second quarter this year was down about 11 percent from the peak in the fourth quarter 1951 and over 9 percent below the first quarter rate. The decline reflects the interruption in mining of bituminous coal and iron ore associated with work stoppages in the steel industry.

Industrial production declined further in July. Activity in the steel industry was at only a fraction of capacity. Many other industries shut down because of inadequate supplies and many closed for summer holidays a little earlier this year due to material shortages and a slack demand in some consumer goods lines. By the time full-scale production is resumed in the steel industry, steel loss because of the work stoppage

may total about 18 to 20 million tons--approximately one-sixth of capacity estimated for 1952. It may take weeks for steel products in short supply to be channeled to those users whose production has been interrupted, but once this has been accomplished most metal-producing-and-using industries will probably be operating at full capacity. The National Production Authority recently released orders which give priority to military, atomic energy and machine tool programs and also tighten controls over steel inventories.

New orders placed with manufacturers have remained relatively steady since mid-1951, reflecting an easier demand for some types of goods and the apparent leveling off in producers' orders for equipment, plant and inventory. But deliveries, which trended up for the past several months, were running somewhat smaller than new orders and the back log of unfilled orders continued to rise gradually over the year. The gain occurred, however, in the durable goods industries where the ratio of back logs to manufacturers sales continues near a peacetime high of around 6 months. At the close of the first quarter this year, defense contracts accounted for nearly half of the value of durable goods back logs compared to one-fourth a year ago. Order back logs are still increasing for transportation equipment and electrical machinery and equipment. Unfilled orders for nondurable goods, a small part of the total, declined substantially over the past year.

Employment Stable

Civilian employment, after adjustment for seasonal factors, has shown only slight variation during the past fiscal year, averaging about 61 million in each of the four quarters. The average work week for all manufacturing industries also held relatively stable around 40 to 41 hours. Nonagricultural employment showed virtually no change from the third quarter of 1951 to the first quarter of this year, but in the April-June period some increase occurred. However, workers idled by labor disputes are classified as employed workers in Department of Commerce estimates, and the large number idled for this reason in the second quarter probably offset the moderate rise in the number of workers holding jobs. Agricultural employment, after adjustment for seasonal variations, was down a little in the second quarter after having held relatively stable through the first three quarters of fiscal 1951-52. Unemployment ranged from about 2.6 to 3.1 percent of total employment during the period, while the total civilian labor force varied less than 1 percent from any one quarter to the next.

This over-all stability in employment carried over into the major industries--manufacturing, mining, construction, transportation, trade, service, etc. In none of them was there evidence of any important changes in total employment after adjustment for seasonal variation. Within manufacturing industries, however, the shift of workers into defense and related industries continued over the year.

PRICE MOVEMENTS

Paced by rising expenditures for defense and for business investment in plant and equipment, combined spending by the Government, businessmen

and consumers rose nearly 4 percent over fiscal year 1951-52. But output was up only about 2 percent and prices of final products produced by the economy continued to inch upward over the period.

Wholesale Prices

Wholesale prices have drifted downward over the past year. The Bureau of Labor Statistics all commodity index in the second quarter averaged about 2 percent below the July-September period last year. Farm and food products were also off about 2 percent accompanying the general increase in supplies of these products. Largest declines were registered for the hides, skins, and leather products group; textile and apparel; and chemicals. But prices in all groups except metals and machinery and motive products eased off over the year. The sensitive index for 28 basic commodities for the second quarter averaged nearly 10 percent lower than in the third quarter last year. Raw industrial products were off about 11 percent and the index of imported commodities declined nearly 15 percent. The moderate decline in wholesale prices over the past fiscal year probably reflects primarily an easing in the general supply situation for most products and a reduction in buying for inventory.

Table 5.- Indexes of retail, wholesale and basic commodity prices, selected groups, by quarters for fiscal 1951-52

Group	1951		1952	
	III	IV	I	II
<u>28 basic commodities (Aug. 1939=100)</u>				
General index.....	327.2	328.9	313.9	295.0
Raw industrial.....	310.6	316.8	303.6	275.9
Imported commodities.....	341.7	336.2	319.0	291.8
Foodstuffs.....	367.2	365.9	359.4	351.7
<u>Wholesale prices (1947-49=100)</u>				
All commodities.....	113.8	113.6	112.6	111.6
Farm products.....	110.5	111.6	108.7	108.0
Food, processed.....	110.9	111.1	109.6	108.4
All other than farm and food.....	115.1	114.6	114.1	113.0
<u>Consumers' prices (1935-39=100)</u>				
Total.....	185.9	188.4	188.3	189.1
Food.....	227.3	230.9	229.2	230.8
Nonfood.....	164.2	166.2	166.8	167.3

Consumer Prices
Inch Upward

The consumer price index for moderate income families in large cities, despite the easing in wholesale prices, moved slightly upward into the fourth quarter of 1951 and then stabilized in the first half of this year at around 188 to 189 percent of the 1935-39 average. Prices paid by consumers for food rose a little until January 1952, weakened in February and March, but rose again in the second quarter of this year. Higher prices for potatoes, pork and many fruits and vegetables were largely responsible for the rise in the second quarter. Apparel prices increased rather abruptly from August to September last year when new fall lines were priced but have since drifted downward. Average prices in the miscellaneous group rose in each month of the past year, and in June were almost 5 percent above a year earlier. Prices of house furnishings declined gradually over the year but rent and average prices for commodities and services in other major groups continued to rise slowly. Average prices paid for commodities used in rural family living have remained almost unchanged in the past fiscal year with prices in the first half of 1952 only slightly higher than in the previous 6 months. Consumer demand for food probably will rise further in coming months. Food prices also may average somewhat higher, even though supplies are expected to be larger if output prospects materialize.

Reduced supplies and higher prices for steel are expected to result in upward pressure on prices of many products. Higher ceiling prices on a number of consumer items were announced in late June because of freight rate increases. Higher wage rates in general are also contributing to increased marketing and processing charges. In addition, several amendments to the Defense Production Act probably will result in some price raises. Although the Act extends price controls until April 30, 1953, it exempts from ceilings fruits and vegetables in fresh or processed form. It also provides for the termination of rent control on September 30, except in those areas designated as critical defense housing areas, or where an incorporated city, town, or village declares that Federal rent control should continue. The legislation also removes controls on consumer credit and provides for a further relaxation in housing credit. Although loss of income has been substantial for workers idled by labor-management disputes and other plant shut downs, consumer demand in general is strong and probably will increase further in coming months so that many cost increases may be passed on in the form of somewhat higher prices for many goods and services.

AGRICULTURE: Review
and Prospects

Demand for farm products has continued at high levels throughout the past year. Consumer incomes continued high and exports of farm products were at record levels. With prospects for an expanding defense program, a high level of business investment spending, and a general rise in total demand for goods and services, consumer incomes probably will continue to

increase moderately and will support a high level of domestic demand for farm products in the 1952-53 marketing year. But exports of U. S. farm products in the coming marketing year are not expected to be as large as in 1951-52 largely because of a reduction in foreign demand for U. S. exports.

Increased Output and Relatively Large Stocks

Although it is early to appraise prospective farm output for this year, particularly in view of recent dry weather in much of the South and East, crop prospects in early July pointed to a new record output of farm products for this year. However, total output for human use probably will be only a little larger than last year's. With the increase looked for in meat animals and poultry products and little change in output of dairy products, total production of livestock and livestock products is expected to continue to rise gradually over the coming year. A further rise in beef production probably will be partly offset by a moderate reduction in pork output. Hot dry weather recently has resulted in some forced movement of cattle to market and reduced the output of dairy and poultry products. A further deterioration of ranges and pastures probably would result in stepped-up marketings of grass cattle.

Acreage and condition of crops in early July pointed to a total crop, including crops grown for feed, somewhat larger than last year. The wheat crop is about one-fourth larger and feed crop output may be up 10 percent from 1951 but carry-over stocks are relatively small. The indicated supply of feed grains may be about the same as or only slightly larger than in 1951-52. However, with prospects for some reduction in grain consuming animals, the feed supply per animal unit may be a little larger than last year.

Agricultural Exports

On the basis of the first 11 months of the fiscal year, it appears that the value of agricultural exports in fiscal 1951-52 may have totaled more than 4 billion dollars--near the calendar 1951 postwar high. There were a number of special circumstances --drought in the Southern Hemisphere transportation difficulties for wheat in Canada, a short oil crop in the Mediterranean area, and a large foreign demand for U. S. cotton--which contributed to the large exports in fiscal 1951-52. These conditions are not expected to be repeated in the coming year. Foreign supplies of fats and oils, cotton, and wheat are expected to be larger in the 1952-53 marketing year than a year earlier. Moreover, holdings of gold and dollars at the beginning of the 1952-53 fiscal year are much smaller than a year earlier in the United Kingdom and some other major importing countries. These conditions are expected to contribute to smaller exports of major U. S. agricultural products in the 1952-53 marketing year.

Prices Received and Paid

Prices recieved by farmers averaged 292 percent of the 1910-14 average in the first half of 1952, down slightly from the October-December average but the same as in the third quarter of 1951. Average crop prices rose 11 percent during this period. Prices for truck crops and "other" vegetables both showed large and consistent gains. The rise for truck crops through the fall and winter was largely seasonal but increased prices for "other" vegetables was primarily due to short crops of potatoes and sweetpotatoes. Relatively small supplies of feed grains and hay contributed to a moderate price rise for these commodities. Prices for oil-bearing crops declined over the period under the impact of record-large supplies.

Prices received for livestock and livestock products averaged 8 percent lower in second quarter 1952 than in the third quarter last year. Dairy product prices rose in the first three quarters of fiscal 1951-52, and declined less than is usual in the April-June period as production remained stable and demand gradually increased. Prices for meat animals dropped from the middle of last year until April 1952 under the impact of larger marketings of most meat animals, but rose in May and June as prices for hogs increased sharply. Average prices for eggs and turkeys rose about seasonally from the late months of last year. With heavy production this spring, egg prices declined more than usual but they have since recovered to about year ago levels. Wool prices also continued to decline over the period.

Average prices received by farmers are not expected to change much in coming months if current supply prospects materialize. Wheat prices have been adjusting to the large new crop and feed grain prices may weaken somewhat at harvest time if growing conditions are favorable. The effect of relatively large supplies of some products may be moderated by price supports. The announced minimum support price for corn, at \$1.60 per bushel, is only a little below the season average price for last year. The support price of \$2.20 per bushel for wheat is a little higher than last year's season average price. Support prices for 1952 crops have been announced for most of the major food and feed grains, oilseeds, tobacco, cotton, dry beans and a few other commodities.

Recent action by the Congress extends the present method of computing parity prices for two more years through 1955 and makes it mandatory to support prices of basic commodities at 90 percent of parity for the 1953 and 1954 crops. This action postpones provisions of the law permitting price supports to fall below 90 percent of parity.

The index of prices paid by farmers including interest, taxes and wage rates (the parity index) remained unchanged from May until September last year then rose and held rather stable at a high level in the first 6 months of 1952. Prices paid for commodities used both in living and in production continued almost unchanged through most of the first half of this year, although production costs dropped in June largely as a result of sharply lower prices for feeder livestock. Farm wage rates, after seasonal adjustment, averaged 6 percent higher in July this year than a year earlier. The parity ratio (the index of prices received divided by the parity index) in mid-July stood at 103 compared with 102 in June and 104 in July a year ago.

Table 6.- Group indexes of prices received and paid by farmers, by quarters, for fiscal year 1951-52

(1910-14 = 100)

Group	1951		1952	
	III	IV	I	IV
<u>Prices received by farmers</u>	292	301	292	292
Food grains	234	247	250	244
Feed grains and hay	215	225	231	227
Cotton	301	329	316	312
Tobacco	430	436	434	436
Oil-bearing crops	300	304	294	283
Fruit	194	179	172	196
Truck crops	182	250	273	281
Other vegetables	186	239	286	350
All crops	245	265	267	273
Meat animals	414	392	375	382
Dairy products	277	304	313	283
Poultry and eggs	233	243	186	179
Wool	432	364	317	286
Livestock and products	335	333	316	308
<u>Prices paid interest, taxes and wages</u>	282	284	288	288
Living	269	270	271	271
Production	273	276	280	278
Wages ^{1/}	475	476	498	510

^{1/} Wage rates are seasonally adjusted rates for July and October 1951 and January and April 1952.

FARM-RETAIL PRICE SPREADS

The retail cost of the farm-produced foods in the market basket rose to a record annual rate of \$753 in June, \$29 more than a year earlier. Farmers received \$3 of this \$29 increase and marketing agencies \$26. The farmer's share of the dollar that consumers spent for farm foods in June was 48 cents compared with 49 cents in the same month of 1951.

Table 7.- The farm-food market basket: 1/ Retail cost, farm value, marketing charges, and farmer's share of consumer's food dollar, May and June 1951 and 1952, and 1951 annual average

Year and month	Retail cost 2/	Farm value 3/	Marketing charges 4/	Farmer's share
	Dollars	Dollars	Dollars	Percent
1951 average.....	722	360	362	50
1951 - May.....	723	359	364	50
June.....	724	355	369	49
1952 - May.....	746	363	384	48
June 5/....	753	358	395	48

1/ Average annual quantities of farm foods purchased per family of three average consumers. 1935-39.

2/ Calculated from retail prices collected by the Bureau of Labor Statistics and the Bureau of Agricultural Economics. Average annual expenditure for all foods per family is currently considerably more than the retail cost of the foods in the market basket, which does not include imported foods and nonfarm foods such as fishery products or foods consumed on farms where produced. Moreover, it does not reflect the higher postwar level of food consumption nor does it allow for service costs on meals eaten in restaurants.

3/ Payments to farmers for equivalent quantities of farm produce minus imputed value of byproducts obtained in processing.

4/ Marketing charges equal margin (differences between retail cost and farm value) minus processor taxes.

5/ Preliminary.

Most of the increase in the retail cost of the market basket from last year's level was due to higher prices for fresh fruits and vegetables. Retail costs of the dairy products and bakery and other cereals products groups were slightly higher, while that of other commodity groups was lower.

Marketing charges in June were higher than a year earlier for all commodity groups in the market basket except poultry and eggs and miscellaneous products. But increases for the fruits and vegetables and meat products groups accounted for most of the advance in total marketing charges.

FARM INCOME

Farmers' cash receipts from marketings in the first seven months of 1952 totaled approximately 15.7 billion dollars, 2 percent more than in the corresponding period last year. The volume of marketings was about 5 percent larger than last year, but prices averaged a little lower.

Receipts from livestock and products were about 10.4 billion dollars, 4 percent below last year. Receipts from meat animals and from poultry and eggs were each down about 5 percent because of generally lower prices in these groups. However, prices of butterfat and milk were higher than last year, and dairy product receipts were up about 2 percent.

Crop receipts in the seven month period totaled 5.3 billion dollars, up 15 percent from last year, mainly because of larger marketings. Receipts from wheat, cotton, and vegetables were substantially above last year, due mostly to larger quantities sold in the case of wheat and cotton, and to higher prices for vegetables.

Cash receipts in July were about 2.5 billion dollars, 10 percent above June because of seasonally larger marketings, but slightly less than in July of last year. Receipts from livestock and products were 1.5 billion dollars, down slightly from June and 5 percent below a year ago. July receipts from poultry and eggs were down about 10 percent from the previous month because of smaller marketings of eggs and broilers. They were also down 10 percent from a year ago because of lower average prices. Receipts from dairy products were slightly below June as a result of seasonally smaller marketings, but higher average prices held them above last year. With larger marketings of cattle and calves, receipts from meat animals were above June, but lower prices resulted in a substantial decline from a year ago.

Crop receipts in July, totaling approximately 1.0 billion dollars, were a third more than in June, and about the same as in July 1951. Marketings of wheat, oats, barley, tobacco, grapes, and peaches all showed large seasonal increases. Both marketings and average prices of the major crop groups in July were generally about the same as in July of last year, bringing cash receipts in nearly all cases close to the levels of a year ago.

LIVESTOCK AND MEAT

A larger slaughter of cattle, but a smaller slaughter of hogs, is in prospect for this fall compared with last.

Since March cattle slaughter has been above the corresponding months of 1951, and for the first half of the year averaged 4 percent above a year earlier. For the remainder of the year slaughter will likely be up by a larger percentage, as increased numbers of both cattle off grass and fed cattle will be marketed.

Because of mounting numbers of cattle on farms, cattle slaughter is beginning a general uptrend that is likely to continue for several years. How fast slaughter will rise the rest of this year will depend partly on weather conditions. Drying ranges and pastures resulted in some forced movement of cattle during June. Further deterioration of ranges and pastures in some areas will probably result in stepped-up movement of grass cattle. A great deal of the increased marketings will go directly into slaughter. However, if the large corn crop indicated on July 1 is realized, demand for feeder cattle will absorb part of the extra marketings.

Slaughter of fed cattle has comprised an unusually large part of the total cattle slaughter so far this year and will continue large this summer and fall. Receipts of stocker and feeder cattle and calves in 9 Corn Belt States in April-June were up 15 percent from 1951. Numbers on feed July 1 in the Corn Belt were 13 percent larger than a year earlier. As about 73 percent of this inventory is intended to be marketed before October 1, slaughter of fed cattle will likely show a considerable gain from last year in the next 2 or 3 months. The size of slaughter in November and December is less certain, but it could reach the high level of last year if placements of feeder cattle continue high.

Prices are expected to continue below those of a year earlier. Prices of fed cattle probably will not show their usual seasonal strength at late summer and early fall this year. Prices of both feeder and slaughter cattle sold off grass have recovered some of their early summer decline. However, further seasonal decrease seems likely this fall, especially if dry weather forces exceptionally large marketings.

Hog slaughter the rest of this year will continue smaller than in corresponding months of 1951. A decrease from last year was expected because of fewer pigs raised, but the reduction will be accentuated for some time by embargoes on interstate marketings from many States. Following appearance of the disease vesicular exanthema, controls on the movement of hogs and pork between States were imposed by the Federal Government in several areas and by a number of States. The Federal embargo allows hogs to move out of quarantine areas only under permit and directly to slaughter. Some of the State orders prohibit movement of both hogs and pork. These embargoes prevent the customary regional patterns of marketing and of prices. Prices are likely to be depressed in embargoed surplus areas and to rise in pork deficit areas, principally those of large population.

Ceiling prices on a number of pork cuts were increased July 29. The increase is seasonal and will extend only through October.

Prospective slaughter supplies of sheep and lambs do not indicate any marked price changes. As slaughter will not continue as much above 1951 as it was in the first half of the year, prices may be maintained well until fall. Some seasonal price decline is expected as marketings pick up during the fall. The 1952 lamb crop was 2 percent larger than the 1951 crop. The Native States reported 10 percent more lambs than last year but the Western crop is 2 percent smaller.

DAIRY PRODUCTS

Wholesale prices for dairy products have been practically steady the past 4 months, with butter showing the largest change. In late July, prices were slightly higher than a year earlier for butter, cheese, evaporated and dry whole milk, and 12 percent higher for nonfat dry milk solids. With production and stocks of most items below last year, there probably will be seasonal price increases for dairy products. In recent weeks, purchases of nonfat dry milk for price support have been about as large as a year earlier--22 million pounds have been bought so far in 1952. About 1 million pounds of cheese have been bought this year for price support.

Prices paid by dealers for milk used in city distribution have begun to rise seasonally. They averaged \$5.34 per 100 pounds in July compared to \$5.05 a year earlier, an increase of 7 percent. Despite higher retail prices, consumption of fluid milk is running at least as large as if not a little greater than a year earlier. Consumption of fluid cream continues to decline but use of skimmed milk products shows further rises.

Production of milk in the United States has been on a down trend since the fall of 1951. On an annual rate basis, production was 115.5 billion pounds in October-December 1951, 114.2 billion in January-March and 113.1 billion in April-June. Total farm production in 1951 was 115.5 billion pounds, the lowest annual total since 1941, except for the 112.7 billion pounds of 1948. Because of unusually hot weather during June, milk flow dropped more than seasonally and for the month was at an annual rate of less than 112 billion pounds. Output will decline seasonally until early winter and is not likely to exceed the levels of a year earlier. For 1952 as a whole, production of milk on farms is expected to be between 114 and 115 billion pounds.

The down drift in milk output apparently is a result of relatively favorable returns from other farm enterprises and, to the middle of this year, a tighter feed concentrate situation and less favorable pastures this summer.

POULTRY AND EGGS

Abnormally hot weather in June and July over much of the country reduced egg production, and after mid-June prices rose much faster than the usual seasonal rate. By mid-July, farmers' prices averaged 43.3 cents per dozen, within 7 percent of corresponding 1951 prices. Many grades in Eastern wholesale markets in mid-July were priced about the same as a year earlier, although part of the gain in prices was lost later in the month. During most of the first half of this year, farmers' prices had averaged about 18 percent below a year earlier.

Egg production ran 5 percent ahead of 1951 during the first 5 months of 1952, but June output was 1 percent below last year. July output is likely also to be reduced since on the first of the month U. S. production was 3 percent below last July 1.

The protracted hot weather also had adverse effects upon egg quality, and the sharpest price rises were for the better grades. The price rises would have been even more pronounced but for the withdrawals from storage. These began late in June, somewhat earlier than usual.

In mid-July broiler prices, averaging 29.2 cents per pound, were at almost the highest level of the year to date, although still not especially favorable to producers. U. S. average prices for farm chickens, 21.7 cents per pound, were about the same as in mid-June, but otherwise the lowest since last October. Turkey prices also were little changed from the month before, and otherwise the lowest in about 18 months.

Although storage stocks of both chickens and turkeys are nearing their season low points, they remain considerably larger than last year. Accordingly, they are holding down prices of the classes of poultry for which storage is important. Broiler marketings in the next few months will decline because of reduced chick placements. Consequently, broiler prices for the next month or two may continue high compared with their usual relation to farm chickens and to turkeys.

Preliminary estimates place the number of young chickens raised on farms in 1952 at about 617 million, 7 percent fewer than were raised in 1951 and 20 percent below the 1941-50 average.

FATS, OILS AND OILSEEDS

Combined production of edible vegetable oils and lard in the first half of 1952 was at a record or near record level, reflecting the large 1951 cottonseed, soybean and pig crops. Output of the four major edible oils (cottonseed, soybean, peanut and corn) and Federally inspected lard in January-June 1952 was up 12 and 8 percent, respectively from the comparable period of a year earlier. Production of creamery butter, on the other hand, was 4 percent less than in 1951. Production of linseed oil has lagged behind last year's level, reflecting mainly an easy supply situation and light demand. Total output of inedible tallow and greases has been about the same as in 1951.

Exports of food fats and oils (including the oil equivalent of soybeans and peanuts for crushing) in the first five months of this year were 3 percent greater than in 1951, with a major increase in lard more than offsetting declines in other food fats. Exports of inedible tallow and greases have been at a record rate -- mainly as a result of the low prices in relation to prices of hard oils and fats from other sources.

Prices of most fats and oils moved downward from January to April but have since regained most of the decline. The index of wholesale prices of fats and oils (except butter) in July was about 60 percent of the 1947-50 average compared with 61 in January and 84 a year earlier.

Production of primary food fats and oils in the second half of 1952 is likely to be down somewhat compared with the year before but will still be high. Output of the edible vegetable oils may not differ much from the 1951 level but production of lard will be lower reflecting mainly a drop of 9 percent below a year earlier in the 1952 spring pig crop. Exports of food fats are likely to be down somewhat from last year's high level, but domestic disappearance may be greater than in 1951.

Based upon present prospects, stocks of primary edible fats and oils at the end of 1952 will be larger than a year earlier and the largest in many years. Another high level of edible oil output is in prospect in the year beginning October 1, 1952, on the basis of reports as of July 1. Output of flaxseed in 1952 is estimated at 28.3 million bushels, 5.5 million less than in 1951.

Output of lard in 1952-53 is likely to be smaller than last year. The 1952 spring pig crop is 9 percent less than a year ago and farmers' intentions on June 1, 1952 indicated a 1952 fall pig crop down 9 percent from the year before.

CORN AND OTHER FEEDS

The supply of all feed concentrates, including grains and byproduct feeds, is estimated on the basis of July conditions at 172 million tons, slightly larger than last year, but a little smaller than the big supplies in the two preceding years. The 1952 production of feed grains, indicated in July at 125 million tons, is 11 million tons larger than in 1951. Since July 1, feed crop conditions have varied from very good over much of the Corn Belt to droughty in the South and some other areas. The August Crop report will reveal the extent to which these conditions have effected the feed grain crops. Production as indicated on July 1 would be adequate to meet prospective domestic and export requirements for 1952-53. It might also permit a small addition to carry-over stocks, which at the beginning of 1952-53 are expected to total about 20 million tons.

A corn supply of over 3.8 billion bushels is in prospect. The crop was indicated in July at 3,365 million bushels, compared with 2,941 million a year earlier; and the carry-over next October is expected to total around 500 million bushels. Oats supplies are estimated to be about equal to those of a year earlier and above average, but the barley supply is the smallest since 1938.

Although larger corn production this year than a year ago probably will result in seasonal weakness in prices at harvest time, its influence will be tempered by the smaller carry-over and by the 1952 price support, which will average not less than \$1.60 per bushel nationally. In mid-July the average price received by farmers for corn was \$1.73 per bushel, 13 cents above the support, while the price of oats was slightly below the support level. The index of prices received by farmers for feed grains in July was 6 percent higher than a year earlier. Wholesale prices of high-protein feed averaged about 15 percent higher, with prices of most of the feeds at the ceilings.

Domestic disappearance of corn, oats, and barley during April-June was a little smaller than a year earlier, largely as a result of reduced feeding. Stocks of corn on July 1 totaled 979 million bushels, nearly a third of which was owned by CCC.

A hay supply of about 117 million tons was indicated in early July, about 5 percent smaller than last year but the quality of the crop harvested so far is better. While the prospective supply appears adequate for the increasing number of hay-consuming livestock in most regions, drouth in a number of areas, especially in the south, is making early feeding of hay necessary.

WHEAT

Cash prices for the new winter wheat crop have advanced since the end of June, when they terminated a decline that began about May 9. However, prices remained well below loan levels in late July. The price of No. 2 Hard Winter, ordinary protein, at Kansas City reached its low of about \$2.14, or 34 cents below the gross loan, on June 28, and that of No. 2 Red at St. Louis was \$2.14, or 38 cents below the gross loan, on June 30. By July prices at Kansas City had advanced about 13 cents and at St. Louis, 6 cents. This made the price at Kansas City 21 cents below the gross loan of \$2.48, or 10 cents below the effective loan level, after deducting 11 cents for storage. The price at St. Louis on July 31 was 30 cents below the gross loan of \$2.52, or 19 cents below the effective loan level after deducting for storage.

The strengthening of prices in early July was influenced by very large bookings of domestic bakery and family flour business. Prices also received strength from the sharp decline in spring wheat prospects and from a falling off in the movement of winter wheat to market as large quantities were placed under the support program.

In view of relatively large supplies, winter wheat prices probably will continue below loan rates until late fall or early winter. With a fairly strong demand in prospect, however, prices may strengthen seasonally in the fall. For the 1952-53 year as a whole, prices received by growers for all wheat may average around 5 to 7 cents below the effective loan rates.

The price of No. 1 Dark Northern Spring wheat at Minneapolis on July 31 was \$2.37 per bushel, or only slightly below the effective loan level of \$2.51 less 11 cents for storage. This price is strong compared with the price of winter wheat because of poor prospects for spring wheat, in addition to the fact that the crop is harvested later than winter wheat.

Wheat supplies for the marketing year beginning July 1, 1952 are now estimated at 1.5 billion bushels, the third largest in our history. Supplies consist of the carry-over July 1, 1952 of 0.3 billion bushels, the crop estimated as of July 1 at about 1.2 billion and small imports of wheat for livestock feeding. Domestic disappearance in 1952-53 may total about 0.7 billion bushels, which would leave about 0.8 billion for exports and carry-over. Assuming exports of 0.4 billion bushels (0.5 billion estimated for 1951-52), about 0.4 billion would remain for a carry-over July 1, 1953. This would be above the 1942-51 average of 335 million, but well below the record 631 million bushels in 1942.

A national wheat goal for 1953 of 72 million acres was announced on July 16. This is about 8 percent below the big acreage seeded for the 1952 harvest. With average yields the 1953 goal acreage would result in a crop of around 1.1 billion bushels, a little below production estimated for this year. A crop of this size would meet all anticipated requirements for the marketing year, both domestic and export, and probably add some to reserves.

FRUIT

Grower prices for most fruits during August and September probably will be about the same as or somewhat lower than in those months of 1951. But prices for apples are expected to average above prices in the summer of 1951. With packers' stocks of several major canned deciduous fruits at the start of the 1952 canning season considerably larger than a year earlier and a prospective large reduction in military procurement, demand from canners is not expected to be as strong as in 1951. Increased supplies of frozen orange concentrate at prices lower than in 1951, will tend to restrain seasonal increases in prices for fresh oranges.

The Amended Defense Production Act of 1950 prohibits ceiling price regulations on fresh and processed fruits. Price increases are not expected this summer for canned fruits, except possibly canned fruits, except possibly canned apples and applesauce. For these two products, packers' stocks on June 1, 1952, were much smaller than a year earlier, and smaller packs in 1952-53 seem likely from the reduced 1952 apple crop. For most other canned fruits, June 1 stocks in canners' hands were considerably larger than a year ago. Market prices for most canned fruits have been somewhat below ceiling during the 1951-52 season. With the large carry-over and a 1952 pack only moderately smaller than the 1951 pack, prices for most canned fruits in the 1952-53 season probably will be lower than in 1951-52.

The 1952 crop of deciduous fruits is expected to be about 8 percent smaller than the large 1951 crop and slightly under the 1941-50 average. Production of plums, prunes, grapes, and sour cherries is considerably smaller than in 1951, that of apples is moderately smaller, and that of pears nearly the same. In contrast, production of sweet cherries is much larger than the small 1951 crop, and that of peaches is moderately larger. Despite the reduced production, supplies of most deciduous fruits are expected to be large enough for the probable demand for processing and yet provide a fairly large volume for the usual fresh market trade at prices generally under 1951 levels.

A smaller pack of canned fruits in 1952 than the near-record 1951 pack seems likely. This prospect arises mainly from the smaller 1952 deciduous crop, reduced requirements of canned fruits for defense use, and larger packers' stocks of canned fruits at the beginning of the 1952 canning season. Unless output of canned fruits is smaller than now seems probable, civilian supplies in 1952-53 will be even a little larger than in 1951-52. Production of dried prunes in California is expected to be about 23 percent smaller than in 1951.

Although supplies of fresh oranges are expected to be smaller this summer than in the summer of 1951, supplies of fresh grapefruit and lemons will be about as large. Among processed citrus items, packers' stocks of Florida canned citrus juices on July 5, 1952 were about one-fourth smaller than a year earlier. In contrast, stocks of frozen orange concentrate were nearly a third larger. Movement of this orange product into consumption in May 1952 was more than double that of May 1951. At this rate, stocks will be at a low level when the new packing season starts in late fall. Output of frozen orange concentrate in Florida in 1951-52, at more than 44 million gallons, was about 43 percent larger than in 1950-51.

Total production of frozen deciduous fruits and berries in 1952 probably will be about as large as in 1951. Among important items, output of frozen strawberries is expected to be a little larger, and that of frozen cherries a little smaller, than in 1951. Movement of frozen strawberries into cold storage was seasonally heavy in June as well as in May. On June 30, 1952, cold storage holdings were about 12 percent smaller than on that date in 1951. Total holdings of fruits and berries (including juices) were about 13 percent smaller.

COMMERCIAL TRUCK CROPS

For Fresh Market

The relatively high prices for most fresh vegetables in the first half of 1952 are expected to continue well into the second half of the year. In addition to a strong demand, prices have been sustained by smaller total production. Commercial production for fresh market in both the winter and spring quarters of 1952 was below that of a year earlier but above average. Production indicated for the summer (third) quarter of 1952 is slightly below production in the same quarter of 1951.

On July 1, prospective tonnage of fresh market crops for summer harvest was considerably smaller than a year earlier for tomatoes, snap beans, cabbage, cucumbers, eggplant, green peppers, spinach, and cauliflower. In addition, slightly reduced production is indicated for watermelons and beets. Increased production is expected on basis of July 1 conditions for cantaloups, carrots, celery, Honeydew melons, lettuce and early summer onions.

For Commercial Processing

Lower production of truck crops for commercial processing this year compared with last is indicated for snap beans, green peas, and winter and spring spinach, and seems likely also for green lima beans, beets and tomatoes. Increased production this year over last appears probable only for sweet corn and cucumbers for pickles. Indications are still incomplete on cabbage for kraut and pimientos.

Current stocks of most canned vegetables are larger than a year earlier and on the basis of July 1 conditions, generally adequate production and fairly stable prices are in prospect for processing vegetables. Now that the steel dispute is settled, it is not expected that the vegetable pack will be materially curtailed because of a shortage of cans.

The Amendments to the Defense Production Act of 1950 prohibit ceiling price regulations on fresh and processed vegetables. The release of ceiling prices on canned and processed vegetables had little effect on most prices, and current supplies of most items are adequate to meet demand at relatively stable prices.

POTATOES AND SWEETPOTATOES

July 1 conditions pointed to a 1952 potato crop only 4 percent larger than the short 1951 crop. Production is considerably below last year in the "Intermediate" States, so prices will remain high through the summer. Prices will probably decline substantially when potatoes start moving in volume from the Surplus Late States this fall. Relative to last year, the largest increase by States is indicated for Maine, where the 1952 crop was estimated on July 1 to be 11 million bushels or nearly one-fourth larger than the 1951 crop. Less extensive but still important increases are indicated for Long Island (New York), Idaho, and Colorado.

Prices for sweetpotatoes probably will decline as the new crop moves to market in volume from Louisiana and Texas, where substantial increases in production over a year ago are indicated in commercial areas. For the entire United States, the prospective 1952 crop was indicated July 1 at 31.7 million bushels, about one-eighth larger than the very small 1951 crop, but still only a little more than one half the 1941-50 average and except for 1951, the smallest crop of record since 1883.

Among factors which worked against a further increase in acreage of sweetpotatoes are the heavy hand labor requirements of the crop, and the opportunities afforded by other cash crops.

DRY BEANS AND PEAS

Based on July 1 conditions, the 1952 dry bean crop is expected to be about one-tenth smaller than the 1951 crop and below the 1952 goal figure by about the same fraction. With the prospect of continued strong demand, dry bean prices will be higher than in 1951 and higher than any other time except in the first few years immediately after World War II.

Higher prices than in 1951 also seem likely for the 1952 dry field pea crop, now indicated at 28 percent less than the 1951 crop and less than half the recent 10-year average annual production.

For both beans and peas, acreages and prospective yields per acre are down somewhat from last year, but acreage reductions account for most of the reduction in size of the crops.

COTTON

Farmers in Western States this year again increased their proportion of the nation's total cotton acreage. Of the 26 million acres of cotton in cultivation on July 1, California, Arizona and New Mexico had 9.1 percent. A year earlier, the 3 States had 7.9 percent of the U. S. total. In terms of actual acreage, California, Arizona and New Mexico had 2,376 thousand in 1952 compared with 2,207 thousand in 1951.

Cotton acreage in the Western States increased during most of the postwar period. The estimated acreage in cultivation on July 1 in this area was the largest for any year on record. The proportion of the total in cultivation in the Southeast increased over 1951-52 but the trend in this area has been generally downward since World War II ended. The shift of acreage from the Southeast to the West is partly responsible for the trend toward higher U. S. average yields which has prevailed for a number of years. Most other States had smaller acreages in cultivation on July 1 than a year ago with Oklahoma, Arkansas, Missouri and Texas showing a combined drop about equal to the total U. S. drop of approximately 1.9 million acres.

The carry-over on August 1, 1952 is expected to be 2.4 million bales; slightly larger than on August 1, 1951. Total supply for the 1951-52 crop year was 17.4 million bales, including a production of 15 million, a carry-over on August 1, 1951 of 2.3 million and estimated imports of 0.1 million. Disappearance is estimated at about 15 million bales, including estimated domestic consumption of 9.2 million bales and estimated exports of 5.8 million. This would be the largest disappearance since the 1928-29 season when a total 15.1 million bales were consumed and exported. From August 1 through June 28 of the 1951-52 season, domestic mills consumed 8.5 million running bales of cotton and exports through May totaled 5.2 million.

Disappearance during the 1952-53 marketing season is estimated at 13.3 to 14.6 million bales. This estimate includes domestic consumption of 9.3 to 9.8 million bales and exports of 4 to 4.8 million bales.

The projection of domestic consumption for 1952-53 assumes a high level of economic activity and no major change in international tensions. Trade reports indicate that substantial orders for gray goods have been received by mills in the past month or two. Some of these orders have been placed for delivery as far ahead as the fourth quarter of 1952, indicating that the rate of consumption of cotton in the first half of the 1952-53 season will be somewhat higher than the rate in 1951-52 as a whole.

Exports in the 1952-53 crop year are expected to decline from the high levels of 1951-52. More foreign cotton is available and in many cases foreign prices have dropped so that they are now below those for United States cotton of comparable qualities. In addition, acute foreign dollar shortages in some importing countries and the likelihood that a smaller quantity of cotton exports will be financed by loans and grants from the Government of the United States will tend to reduce exports.

On July 17, the President signed the bill which holds the support prices for cotton and other basic agricultural commodities at 90 percent of the parity price through 1954, continues through 1955 the provision that makes effective the higher of the "new" or "old" parity price, and directs that the price of extra long staple cotton be supported.

On July 29, it was announced that the support price for middling, 7/8 inch cotton will be 30.91 cents per pound at average location. This is 90 percent of the July 15 parity price of 34.35 cents. The average loan rate for middling, 15/16 inch cotton will be 31.96 cents per pound, 1.05 cents higher than that for middling, 7/8 inch.

WOOL

Prices of wool at the closing sales of the July London auctions ranged between 5 percent for fine wools and 20 percent for crossbred wools higher than at the close on May 23. However, the closing prices were about 5 percent lower than those of the opening. The closing July prices for fine wools were almost 20 percent higher and for crossbred wools almost 50 percent higher than in early April. The net increases for fine wools at the London auctions were almost as great as those at the Australian auctions during the last three months of the season.

Prices for domestic wools also advanced. Quotations at Boston at mid-July ranged up to 12.5 percent higher than a month earlier. For most wools, however, the increases were in the neighborhood of 5 percent. Domestic territory fine staple and good French combing wool was quoted at \$1.60-1.65 per pound, clean basis, at mid-July compared with \$1.55-\$1.65 a month earlier.

The mid-month average price received by growers for shorn wool advanced from 51.8 cents per pound, grease basis, at mid-June to 52.7 cents at mid-July. A year earlier it was 89.3 cents. The average price at mid-July was 88 percent of parity compared with 157 percent a year earlier.

World supply of wool for the 1952-53 season probably will be slightly larger than last season. The increase will consist mostly of the coarser wools. An increase of about 2 percent in production is likely. Also, a slightly larger quantity of wool, mostly South American, was carried over from last season.

Consumption of apparel wool by domestic mills during January-May, 1952, 134 million pounds, scoured basis, was about 23 percent below that of the same period of last year. Consumption of 50 million pounds of carpet wool during the same months represented a decline of 20 percent from a year earlier.

Imports of both apparel and carpet wool during May were slightly lower than during April. Imports of dutiable wool amounted to 22 million pounds, clean basis. The total for January-May, 1952, 103 million pounds, was 40 million pounds less than in 1951. Imports of duty-free wools during May amounted to 8 million pounds and for the 5-month period totaled 43 million pounds, compared with 61 million pounds last year.

TOBACCO

Georgia and Florida auction markets for the 1952 crop of type 14 flue-cured tobacco opened on July 21 with prices averaging about 52 cents per pound for sales through July 31 compared with 51 cents in the comparable period of last season. The 1951 season average for type 14 was 46.5 cents per pound. Opening dates for auctions in other belts (types 11-13) range from early August to mid-September.

The July indication was for a total flue-cured crop of 1,403 million pounds--second only to the record crop of last year. Carry-over of flue-cured on July 1 is estimated at about one-eighth larger than a year ago and total supplies for 1952-53 are expected to be around 5 percent greater than for 1951-52. Domestic demand probably will continue strong but exports are expected to be smaller during 1952-53 than in 1950-51. The price support level for 1952 flue-cured at 50.6 cents per pound is practically the same as in the 1951 season. In the Georgia-Florida area, tobacco is generally marketed "untied," and loan rates for individual grades are 5 cents lower than for "tied" tobacco.

Preliminary results of the referendum held July 19, 1952 for flue-cured tobacco growers, showed 98 percent in favor of quotes for the 3 years 1953-54-55.

The auctioning of last year's Maryland crop is still in progress and the average price for sales through the end of July was about 44 cents per pound--12 percent less than in the comparable period of a year earlier. The indicated size of the 1952 crop as of July 1 was 34 million pounds--18 percent below last year's harvestings. Most of the indicated drop is due to the smaller yield per acre. The 1952 acreage figure is down only about 6 percent.

The 1952 crop of Burley indicated at 598 million pounds as of July 1 is 3 percent less than last year's record crop; and if that much is harvested, it will be the fourth largest in history. Carry-over on October 1 will be larger than a year ago and supplies for 1952-53 probably will be around 4 percent above the 1951-52 level.

Most flue-cured, Burley, and Maryland tobacco are used in cigarettes. Tax-paid cigarette consumption during the year ending June 30 was a record 385 billion--4 percent greater than in 1950-51.

In the 1951-52 fiscal year, output of smoking tobacco (for pipes and "roll-your-own" cigarettes) dropped about 7 percent below the 1950-51 level. Output of chewing tobacco was not greatly different, but snuff consumption was indicated to be about 3 percent less than in 1950-51. The latter two products are major outlets for dark air-cured and fire-cured tobacco. According to July indications, the 1952 dark air-cured and fire-cured crops will be about 8 and 14 percent smaller, respectively, than last year's. Cigar consumption during fiscal 1951-52 was near 5.9 billion--up 2 percent from the 1950-51 level.

The July 1 indications were for about a 30 percent drop in production of Pennsylvania filler, but for a 14 percent increase in Ohio (Miami Valley) filler. The 1952 production of the combined binder types is indicated to be practically the same as in 1951 with the increase in Connecticut Valley Broadleaf about offsetting small decreases in the other types. This year's cigar wrapper production is indicated to be about the same as last year's in the Connecticut Valley, but down nearly one-sixth in the Georgia-Florida area.

Total unmanufactured tobacco exports in the 11 months ending May 31 were 490 million pounds (declared weight)--9 percent more than in the same period of 1950-51. Tobacco exports in 1952-53 are likely to be moderately lower than in the past year--principally due to smaller takings by the United Kingdom, the leading export outlet.

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